



Comet Resources Limited

ABN 88 060 628 202

and its

Controlled Entities

Half-Year Financial Report

31 December 2018

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Directors

Mr H Halliday – Chairman – Appointed 11 October 2018 (Previously non-executive director)
Mr AR Cooper – Appointed 12 March 2001
Mr D Prentice – Appointed on 11 October 2018
Mr A Molyneux – Appointed 15 February 2019
MR R O Jones – Chairman - Resigned on 11 October 2018
Mr E Czechowski - Resigned on 11 October 2018

Company Secretary

Mr S Cheema

Registered Office & Principal Place of Business

Unit 1
4 Canning Road
KALAMUNDA WA 6076

Telephone: (08) 9466 7770

Email: comet@cometres.com.au

Share Registry

Advanced Share Registry Services Pty Ltd
110 Stirling Highway
NEDLANDS WA 6009

Auditor

Stantons International
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Limited

Home Exchange: Perth, Western Australia

ASX Codes: CRL

Web Page

www.cometres.com.au

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2018.

Directors

The names of the Company's Directors in office during the half-year and until the date of their report are set out below. Directors were in office for this entire period unless otherwise stated.

Hamish Halliday

Mr Halliday holds a BSc (Geology) and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Halliday founded Adamus Resources Limited and grew that Company to a multi-million ounce emerging gold producer. Mr Halliday also co-founded Gryphon Minerals Limited and Venture Minerals Limited, both highly successful junior explorers. Mr Halliday is a Director of Venture Minerals Limited, Alicanto Minerals Limited. He is the chairman of Blackstone Minerals Limited.

Director since 16 December 2014, appointed Chairman in October 2018.

Anthony Roy Cooper

Mr Cooper has been with Comet since 1994. He currently holds the position of Managing Director. From 1996 to 2002, Mr Cooper was responsible for the geological management of the Ravensthorpe Nickel Project.

Mr Cooper has over 20 years of experience in the mining and mineral exploration industries, with particular expertise on gold and base metals.

Director since 12 March 2001.

David Prentice

David is a senior resources executive with 25 plus years domestic and international experience. David started his career working in commercial and business development roles within the resources sector working for some of Australia's most successful gold and nickel exploration and production companies. During the last 12 years David has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States) working in both executive and non-executive director roles with Australian publicly traded companies.

Director since 11 October 2018.

Alexander Molyneux

Mr Molyneux is well known for his breadth of experience in the mining industry and serves on a number of public company boards, including: Galena Mining Limited. (ASX: G1A), Argosy Minerals Ltd. (ASX: AGY), Metalla Royalty & Streaming Ltd. (TSX-V: MTA), Tempus Resources Ltd. (ASX: TMR) and Azarga Metals Corp. (TSX-V: AZR). Prior to his mining industry executive and director roles, Mr Molyneux was Managing Director, Head of Metals and Mining Investment Banking, Asia Pacific for Citigroup. As a specialist resources investment banker, he spent approximately 10-years providing investment banking services to natural resources companies. Mr Molyneux holds a Bachelor Degree in Economics from Monash University

Director since 15 February 2019

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

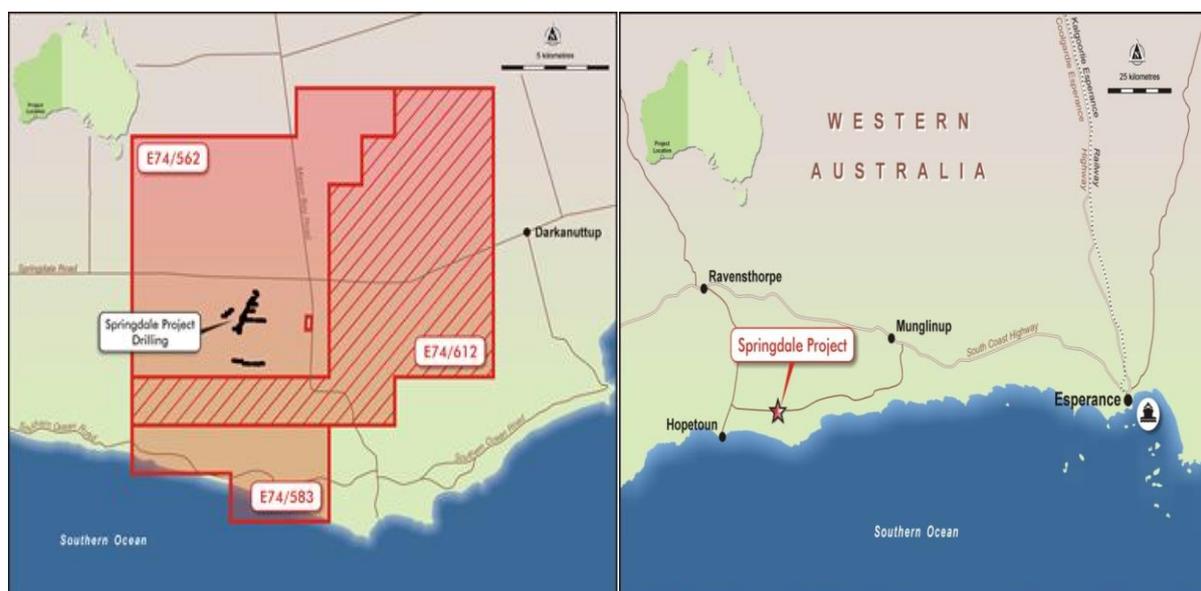
RESULTS OF OPERATIONS

The net loss of the consolidated entity for the six months to 31 December 2018 is \$864,291 (31 December 2017:\$ 1,063,352 loss). The net loss was largely due to expenditure on mineral exploration together with administration costs.

During the half-year the consolidated entity carried out its principal activities being:

SPRINGDALE GRAPHITE PROJECT

Comet's Springdale Graphite Project is located approximately 30 km east of Hopetoun, Western Australia. The tenements lie within the deformed southern margin of the Yilgarn Craton and constitute part of the Albany-Fraser Orogen. The tenements cover freehold land with sealed road access within 20km and are located approximately 150km from the port of Esperance. Comet owns 100% of the three tenement's (E74/562, E74/583 and E74/612) that make up the Springdale Graphite Project. The total land holding at Springdale is approximately 220 square kilometres.



Project Location: Tenements and Area Drilled to date

Comet completed a successful first pass aircore drilling program in February 2016. This program confirmed that graphite was present in a prospective zone/horizon (Western Zone). Comet has now drilled 93 RC holes for a total of 5320m, 113 aircore holes for 2,901 metres and 20 diamond holes for 1,193 metres.

Comet released a maiden graphite resource at the Springdale Graphite Project late 2018 (ASX release 6th December 2018).

Table 1 – Springdale Graphite Project Resource Estimate reported at a $\geq 2\%$ TGC cut-off grade

DOMAIN	TONNES (MT)	DENSITY (t/m ³)	Graphite (TGC%)	CLASSIFICATION
HIGH GRADE	2.6	2.1	17.5	INFERRED
TOTAL RESOURCE	15.6	2.2	6.0	INFERRED

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

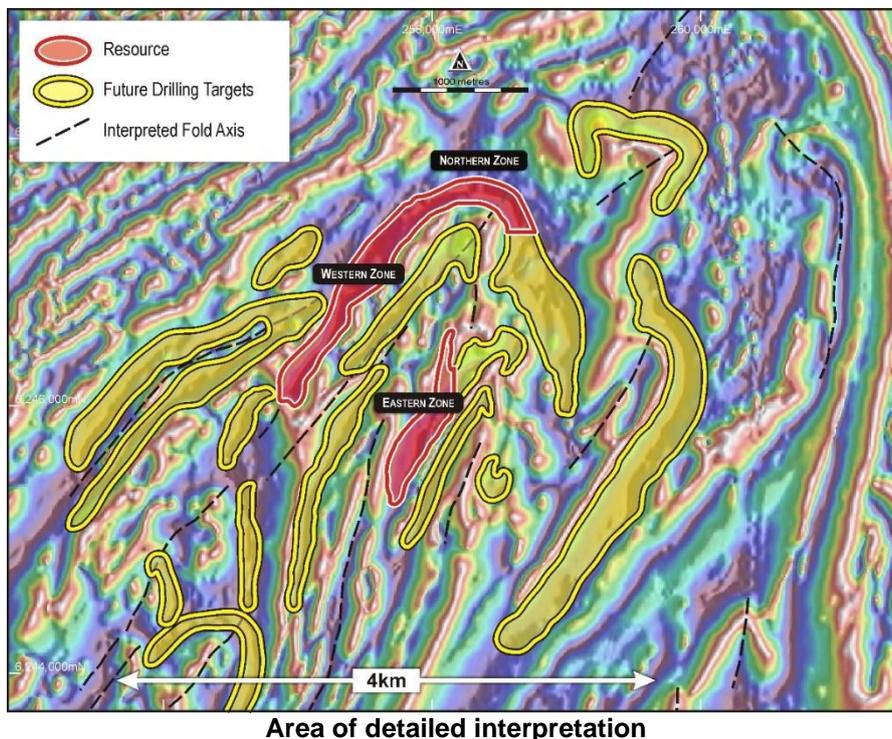
ABN 88 060 628 202

DIRECTORS' REPORT

Note – Inferred Resources have only been reported from within mineralised wireframe domains defined by a nominal 2% TGC cut-off for low-grade and a nominal 15% TGC cut-off for high-grade to a nominal depth of 100m.

RESOURCE POTENTIAL

Comet conducted a 220 sq. km detailed aeromagnetic survey over the Springdale Graphite Project (ASX release 10th November 2017). Detailed Interpretation of less than 10% of Comet's total land holding delineated **26 kilometres of stratigraphy deemed to be prospective for graphite mineralisation; currently less than 20% of this has been drill-tested.** Drill testing of identified prospective stratigraphy has been successful in discovering graphite mineralisation.



Comet discovered in April 2017 that graphene can be produced from Springdale graphite by electrical exfoliation. It is very rare for a graphite deposit to be able to produce graphene using the exfoliation method on solid untreated rock.

The shallow, high-grade nature of the mineralisation together with positive indications from metallurgical test work completed for both graphene extraction through electrical exfoliation and battery applications supports the Company's opinion that the Springdale Graphite Project deposit has the potential for eventual economic extraction.

It is recommended that this half-yearly report be read in conjunction with the 30 June 2018 Annual Report and any public announcements made by the Group during the half year.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange regarding exploration and other activities of the consolidated entity.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes have occurred in the state of affairs of the consolidated entity.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Competent Person Statement

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr Anthony Cooper. Mr Cooper is a Consultant to Comet and Managing Director and is a Member of the Australasian Institute of Mining and Metallurgy, with over 20 years' experience in the mining industry. Mr Cooper has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cooper consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which they appear. This Report may include forward-looking statements that are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risk, uncertainties and other factors, many of which are outside the control of Comet Resources that could cause actual results to differ materially from such statements. Comet Resources makes no undertaking to subsequently update or revise forward-looking statements made in this Report to reflect events or circumstances after the date of this Report.

Tenement Listing		
Project	Interest	Tenement
Springdale Project	100%	E74/562
	100%	E74/583
	100%	E74/612
Gilmore Project	100%	EL8282
Bell's Find	25%	M74/1055

EVENTS SUBSEQUENT TO BALANCE DATE

The following matters have arisen since 31 December 2018:

- Appointment of Mr Alex Molyneux on 15 February 2019
- Exercise of 1,500,000 incentive options at an exercise price of \$0.001, thereby raising \$1,500
- On the 1st of March 2019 drilling commenced at Springdale Graphite Project.

There have been no other matters or circumstances that have arisen since 31 December 2018 that has significantly affected or may significantly affect:

- (a) the economic entity's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the economic entity's state of affairs in future years.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 15.

Signed in accordance with a resolution of the Directors.



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Hamish Halliday
Chairman

Perth, 14 March 2019

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated	
		Half-year ended 31 Dec 18	Half-year ended 31 Dec 17
		\$	\$
	Note		
Administration expenses		(466,009)	(321,984)
Exploration expenses		(835,220)	(744,803)
Operating result		<u>(1,301,229)</u>	<u>(1,066,787)</u>
Loss before interest and taxes and depreciation		(1,301,229)	(1,066,787)
Depreciation		-	-
Loss before interest and taxes		(1,301,229)	(1,066,787)
Other income	2(a)	436,938	3,435
Loss before taxes		(864,291)	(1,063,352)
Net (loss) for the period		(864,291)	(1,063,352)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive (loss) for the period		<u>(864,291)</u>	<u>(1,063,352)</u>
Net (loss) attributable to the parent entity		<u>(864,291)</u>	<u>(1,063,352)</u>
Total comprehensive (loss) attributable to the members of the parent entity		<u>(864,291)</u>	<u>(1,063,352)</u>
Basic loss per share (cents)	5	(0.42)	(0.65)
Diluted loss per share (cents)	5	(0.42)	(0.65)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying condensed notes.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**ABN 88 060 628 202****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

		Consolidated	
	Note	As at 31 Dec 18 \$	As at 30 June 18 \$
CURRENT ASSETS			
Cash and cash equivalents	3	812,556	819,776
Trade and other receivables		27,814	17,443
TOTAL CURRENT ASSETS		<u>840,370</u>	<u>837,219</u>
NON-CURRENT ASSETS			
Other financial assets		2,000	2,000
TOTAL NON-CURRENT ASSETS		<u>2,000</u>	<u>2,000</u>
TOTAL ASSETS		<u>842,370</u>	<u>839,219</u>
CURRENT LIABILITIES			
Trade and other payables		107,110	84,290
Provision for Employee Benefits		5,570	10,764
TOTAL CURRENT LIABILITIES		<u>112,680</u>	<u>95,054</u>
TOTAL LIABILITIES		<u>112,680</u>	<u>95,054</u>
NET ASSETS		<u>729,690</u>	<u>744,165</u>
EQUITY			
Issued capital	8	9,744,132	8,894,316
Reserves	9	655,756	655,756
Accumulated losses		(9,670,198)	(8,805,907)
TOTAL EQUITY		<u>729,690</u>	<u>744,165</u>

The consolidated statement of financial position should be read in conjunction with the accompanying condensed notes.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Consolidated	
		Half-year ended 31 Dec 18 \$	Half-year ended 31 Dec 17 \$
	Note		
Cash flows from operating activities			
Payments to suppliers and employees		(1,293,974)	(1,002,703)
Interest and rent received	2(a)	436,938	3,435
Net cash flows (used in) operating activities		<u>(857,036)</u>	<u>(999,268)</u>
Cash flows from investing activities			
		-	-
Net cash flows from investing activities		-	-
Cash flows from financing activities			
Issue of share capital, net of issue costs	8(b)	849,816	558,775
Net cash flows from financing activities		<u>849,816</u>	<u>558,775</u>
Net (decrease) in cash and cash equivalents		(7,220)	(440,493)
Cash and cash equivalents at beginning of period		819,776	1,481,637
Cash and cash equivalents at end of period	3	<u>812,556</u>	<u>1,041,144</u>

The consolidated statement of cash flows should be read in conjunction with the accompanying condensed notes.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	TOTAL \$
As at 1 July 2017	7,621,895	(6,799,544)	614,208	1,436,559
Net loss for the period	-	(1,063,352)	-	(1,063,352)
Total comprehensive (loss) for the period	-	(1,063,352)	-	(1,063,352)
Incentive shares deemed value	-	-	41,148	41,148
Shares and options issued	553,375	-	400	553,775
As at 31 December 2017	8,175,270	(7,862,896)	655,756	968,130
As at 1 July 2018	8,894,316	(8,805,907)	655,756	744,165
Net loss for the period	-	(864,291)	-	(864,291)
Total comprehensive (loss) for the period	-	(864,291)	-	(864,291)
Incentive shares deemed value	-	-	-	-
Shares and options issued	849,816	-	-	849,816
As at 31 December 2018	9,744,132	(9,670,198)	655,756	729,690

The consolidated statement of changes in equity should be read in conjunction with the accompanying condensed notes.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1: Summary of Significant Accounting Policies

a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Comet Resources Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

These interim financial statements were authorized for issue on 14 March 2019.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards that became applicable on or after 1 January 2018 but determined that their application to the financial statements is either not relevant or not material.

c. Impact of standards issued but not yet applied by the entity

AASB 16 was issued in February 2016. When applied, it will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The adoption of AASB16 in the financial year ended 30 June 2020 is expected not to have a material impact on the financial statements and the Company has not yet quantified the impact. The estimated impact is expected to be disclosed in the 30 June 2019 annual report. The Board expects the impact to be insignificant

d. Going Concern

As per the interim financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2018, the Group had cash and cash equivalents of \$812,556 and incurred a loss after income tax of \$846,291.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Consolidated	
	31 Dec 18	31 Dec 17
	\$	\$
Note 2: Loss from Ordinary Activities		
(a) Net Other Income		
Interest received – other entities	794	3,435
Grant Received	94,113	-
R&D Refund	342,031	-
Total net other income	436,938	3,435

	Consolidated	
	31 Dec 18	30 Jun 18
	\$	\$
Note 3: Cash and cash equivalents		
Cash	41,237	589,905
Short term deposits maturing within 90 days	771,319	229,871
	812,556	819,776

Reconciliation of cash and cash equivalents

Cash at the end of the financial period as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

	\$	\$
Cash and cash equivalents	812,556	819,776

Note 4: Segment Reporting

The Group has identified its operating segments based on the internal reports that are provided to the Board (Chief Operating Decision Maker) for making strategic decisions. The entity has two reportable operating segments namely exploration and research and development.

The exploration segment is involved in the exploration of minerals in Australia.

The research and development segment is involved in the research and development of the EOS Technology. For the half-year ended 31 December 2018 no research or development was undertaken.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 4: Segment Reporting (cont)

Operating segments

The following tables' present revenue and loss information regarding operating segments for the period.

31 December 2018	Exploration \$	Total \$
Revenue	-	436,938
Expenses	(835,220)	(1,301,229)
Segment results	<u>(835,220)</u>	<u>(864,291)</u>

31 December 2017	Exploration \$	Total \$
Revenue	-	3,435
Expenses	(744,803)	(1,066,787)
Segment results	<u>(744,803)</u>	<u>(1,063,352)</u>

Note 5: Earnings per share

	2018 Number	2017 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>206,425,272</u>	<u>164,773,098</u>
	2018 Number	2017 Number
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>206,425,272</u>	<u>164,773,098</u>

Note 6: Contingent Liabilities and Contingent Assets

The group does not have any contingent assets or liabilities outstanding at 31 December 2018.

Note 7: Dividends

There are no dividends paid or payable during the half-year.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 8: Issued Capital

	31 Dec 18 No.	31 Dec 17 No.	31 Dec 18 \$	31 Dec 17 \$
(a) Share Capital				
Issued share capital	230,450,000	170,500,000	9,744,132	8,175,270
(b) Share movements during the period				
Balance brought forward	195,750,000	152,950,000	8,894,316	7,621,895
Issued during the period net of share issue cost	34,700,000	17,550,000	849,816	553,375
At the end of the period	230,450,000	170,500,000	9,744,132	8,175,270

Note 9: Reserves

	Options Premium \$	Share Based Payments \$	Total \$
As at 1 July 2018	298,707	357,049	655,756
Incentive shares and options deemed value for the period	-	-	-
Options issued during the period	-	-	-
As at 31 December 2018	298,707	357,049	655,756
As at 1 July 2017	298,307	315,901	614,208
Incentive share deemed value for the period	-	41,148	41,148
Options issued during the period	400	-	400
As at 31 December 2017	298,707	357,049	655,756

Note 10: Subsidiaries

Environmental Oil Solutions Pty Ltd – 100%
Ravensthorpe Management Pty Ltd – 100%

Note 11: Events Subsequent to Reporting Date

The following matters have arisen since 31 December 2018:

- Exercise of 1,500,000 incentive options at an exercise price of \$0.001, thereby raising \$1,500

There has not been any other significant changes in the state of affairs during the period ended 31 December 2018 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 12: Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or assets at balance date or date of this report.

Note 13: Commitments

There were no material commitments or contingencies at the reporting date for the parent company except for those disclosed in Note 12.

The Directors of Comet Resources Limited declare that:

- (a) the financial statements and notes, set out on pages 6 to 14 are in accordance with the Corporations Act 2001:
 - give a true and fair view of the financial position as at 31 December 2018 and of the performance for the half-year ended 31 December 2018 of the Group; and
 - comply with Accounting Standards and the Corporations Regulations 2001;
- (b) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
Hamish Halliday
Chairman

Perth, 14 March 2019

14 March 2019

The Directors
Comet Resources Limited
Unit 1, 4 Canning Road
KALAMUNDA WA 6076

Dear Sirs

RE: COMET RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Comet Resources Limited.

As Audit Director for the review of the financial statements of Comet Resources Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
COMET RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Comet Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Comet Resources Limited (the consolidated entity). The consolidated entity comprises both Comet Resources Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Comet Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Comet Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Comet Resources Limited on 14 March 2019.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Comet Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Inherent Uncertainty due to Going Concern

Without modifying our conclusion expressed above, attention is drawn to the following matter.

As referred to in Note 1(d) to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2018, the Group had cash and cash equivalents of \$812,556 and incurred a loss after income tax of \$864,291.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
14 March 2019